

**Mental Health Trust Land Development and Value
Enhancement**

FY2002 Request: \$950,000
Reference No: 6853

AP/AL: Appropriation

Project Type: Planning

Category: Development

Location: Statewide

Contact: Steve Planchon

Election District: Statewide

Contact Phone: (907)269-8656

Estimated Project Dates: 07/01/2000 - 06/30/2004

Brief Summary and Statement of Need:

The Trust Land Office will contract for services related to the enhancement of parcel-specific Trust land and resource assets. Funds will be used to facilitate the disposal or development of Trust resources in accordance with the Trust Land Office's long-term asset management strategy.

Funding:

| | FY2002 | FY2003 | FY2004 | FY2005 | FY2006 | FY2007 | Total |
|--------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| MHTAAR | \$950,000 | \$800,000 | \$900,000 | \$950,000 | \$950,000 | \$950,000 | \$5,500,000 |
| Total: | \$950,000 | \$800,000 | \$900,000 | \$950,000 | \$950,000 | \$950,000 | \$5,500,000 |

| | | | |
|---|---|---|--|
| <input type="checkbox"/> State Match Required | <input type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased Project | <input checked="" type="checkbox"/> On-Going Project |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input checked="" type="checkbox"/> Mental Health Bill |

Operating & Maintenance Costs:

| | <u>Amount</u> | <u>Staff</u> |
|----------------------------------|---------------|--------------|
| Total Operating Impact: | 0 | 0 |
| One-Time Startup Costs: | 0 | |
| Additional Estimated Annual O&M: | 0 | 0 |

Prior Funding History / Additional Information:

SLA00/CH134 - \$870.0

SLA99/CH85 - \$660.0

SLA98/CH138 - \$530.0

SLA97/CH99 - \$460.0

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The capital budget of the Trust Land Office is prepared in accordance with the long-term asset management strategy operating guidelines and strategies, which emphasize adding value to Trust properties, reducing risks associated with Trust properties and generating a reasonable rate of return from investments in Trust Properties.

Specific Spending Detail:

The Trust Land Office will continue its capital plan in the major resource areas:

Land Management- \$375,000

Forest Management- \$525,000

Minerals- \$20,000

Materials- \$10,000

Coal, Oil & Gas- \$20,000.

Project Benefits:

Maximized revenues from Trust land with revenues to be used to improve the lives and circumstances of Trust beneficiaries throughout the state.

Projected Revenue to the State:

CIP funds enable the Trust to achieve its goal of steadily increasing Trust revenues, which are used to improve the lives and circumstances of Trust beneficiaries. Gross revenues have increased from under \$1 million in FY95 to \$3.7 million in FY00.

Project Support:

Approved by Alaska Mental Health Trust Board of Trustees during the annual budgeting process.

Project Opposition: There is no known opposition.

Project History:

The Trust Land Office's development and enhancement project has been ongoing since FY98, with about \$2.5 million dedicated to the project through FY01. Since 1998, revenues associated with the project have enabled the Trust Land Office to diversify revenue-generating sources of income. Those sources include land leases, land sales, oil and gas leases, mineral exploration licenses and leases, timber sales and other general land use authorizations.

Alternative Approaches/Financing Considered:

The expenditure of Trust funds on Trust land development or value enhancement projects is only done after full consideration has been given to other possible sources of revenue. For example, in some cases, parcel buyers pay the cost of survey and platting as part of the agreed upon transaction. There are no other sources for the funds included in this request.